



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2101

FACSIMILE
(213) 626-1812

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

FISCAL YEAR 2010-11 BUDGET - UNMET NEEDS

This is to advise your Board of the critical unmet needs that have not been included in the Treasurer and Tax Collector's (TTC) Fiscal Year (FY) 2010-11 Proposed Budget. Included in this request are several critical unmet needs that all have a direct service impact due to workforce reductions as part of TTC's required 9% curtailment in the FY 2010-11 Proposed Budget. Therefore, in priority order, I am respectfully requesting funding for the items below.

Restoration of Deleted Positions and Services in the 9% Curtailment (\$1-180,000)

In order to meet the 9% reduction in NCC, TTC made every effort to identify new revenue (i.e., increased or new fees) and reduce spending wherever possible. However, due to previous curtailments approximating 20% in recent years, we were unable to meet the requisite 9% curtailment without impacting positions (employees) that provide services. The detail and impact, by Division, is as follows:

1. Public Service (\$61,000 - *Service and Potential Employee Impact*) - Two budgeted positions in the Call Center of the Public Services Division were eliminated, which will result in increased call wait times, abandonment rates, and complaints from taxpayers.
2. Revenue & Enforcement (\$61,000 *Service and Potential Employee Impact*) - Two budgeted positions in the Bankruptcy and Mobile Home Units were eliminated, which will result in delays in filing timely claims against bankruptcy cases. In recent years, there has been an 80% increase in bankruptcy filings, and the untimely filing of claims on bankruptcy cases will result in a loss of

revenue to the County. Elimination of these positions will also result in lost revenue due to the failure to meet legal time requirements for responding to the 400 mobile home tax clearances and 130 bulk transfers received every month. Lastly, these Units receive and respond to an average of 200 constituent emails every month, and response times to these e-mails will lengthen.

3. Public Administrator (\$283,000 - *Service and Potential Employee Impact*) – Nine budgeted positions in the Public Administrator (PA) Division were eliminated, which will negatively impact the workflow of cases referred from the Department of Mental Health/Public Guardian (PG), Coroner, Morgue and County Counsel as well as the ability to provide services to the PG.

Specifically, the impact of this curtailment is as follows:

- The intake process, which is the receipt of incoming decedent referrals from various reporting parties (e.g., Coroner, Morgue, private mortuaries, hospitals, nursing homes, etc.) will be delayed. The result will be increased body counts at the Coroner, Morgue and private mortuaries, delays in investigations (subjecting decedents' assets to risk of loss), and delays in case disposition (which would directly correlate with reduced fee revenue).
- All mailroom services to PG will be discontinued including mail delivery and distribution, conservatee check receiving and secure handling, and outgoing payments.
- Management of real property will be negatively impacted. Specifically, incoming referrals to the PA for real property will take longer to process, receipt and reconciliation of rental income for conservatees will be delayed, personal interaction with tenants, utility companies, and maintenance/repair contractors will be reduced (impacting the PA's ability to verify rental property condition, discuss rental rates, process rental agreements, place advertisements, resolve complaints, and initiate repairs), and title searches necessary for property sales will be delayed, which will delay the property sale.
- Accounting services will be negatively impacted, causing delays in corresponding with banks regarding collection of funds from decedent and conservatee estates, delays in inventorying funds collected from banks to ensure proper allocation to the estates, and delays in reviewing and approving disbursement transactions for conservatee administrative and personal expenses (e.g., prescriptions, utility bills, etc.).

4. Internal Controls (\$157,000 *Service and Potential Employee Impact*) – Four budgeted positions in the Internal Controls Branch were eliminated. This elimination of staffing will delay and create backlogs in processing and posting tax intercepts from the Franchise Tax Board, and delay the processing and posting of daily collections, resulting in a delay and/or loss of revenue. Several audit functions would no longer be performed such as surprise cash count audits, and inventory audits.
5. Executive Office/Administrative Services (\$452,000 *Service and Potential Employee Impact*) - Four budgeted permanent positions and two full time equivalent budgeted temporary positions were eliminated, impacting the Department's ability to update and revise policies and procedural directives, perform special studies and projects, and update the Strategic Plan. The Student Worker positions being deleted were utilized throughout the Department to perform a number of tasks that will now be shifted to permanent staff or be left undone.

At the time the Proposed Budget was originally submitted, TTC estimated that 23 employees could potentially be impacted via layoff or reduction by the 9% curtailment detailed above. In addition, three Student Workers would be released. However, the exact impact to employees is pending receipt of final instructions from the Chief Executive Office.

6. Remittance Processing (\$155,000 - *Service Impact*)
 - Reduction of temporary contract employees (\$125,000) - Reducing temporary contract staffing by approximately 50% will delay the processing of property tax payments. This reduction will be noticeable to the taxpayers, as they will have to wait in longer lines to pay their property taxes. The County will also experience a delay in depositing payments into the County's banks, which will result in an incremental loss of interest and taxpayer inquiries when they notice their checks are not being deposited timely.
 - Reduction of overtime associated with peak property tax installment periods (\$30,000) - Overtime is utilized to receive and process property tax payments during peak tax installment periods. A decrease in overtime will impact customer service and cause delays in depositing property tax payments.

7. North County Property Tax Services (\$11,000 Service Impact) - Elimination of localized tax services during peak installment periods in Lancaster will impact approximately 2,000 taxpayers in the Antelope Valley that wish to make their payments in person. Taxpayers who wish to pay in person will need to drive approximately 70 miles to the Kenneth Hahn Hall of Administration.

I would also like to take this opportunity to request funding for an ongoing unmet need.

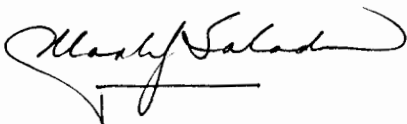
Client and Asset Management System (CAMS) – (\$4,146,000 Ongoing Need)

A contract for the purchase of CAMS, a replacement system for the 20-year-old LAPIS case and asset management system used by the Public Administrator, Coroner, County Counsel, Superior Court, Public Defender, and Mental Health, was approved by the Board of Supervisors on April 1, 2008. The cost of the replacement system is \$12.4 million. TTC, with support from the Chief Executive Office, has approximately \$8 million set aside for contract costs. The remaining contract balance of \$4,146,000 is needed to complete the project and maintain the system.

Although TTC has funding to continue development through Fiscal Year 2010-11, failure to fully fund this project would result in a significant loss of financial and human capital investments made by TTC, Public Guardian, County Counsel, and the contractor. This action would put the operations of the Public Administrator, Coroner, County Counsel, Superior Court, Public Defender, and Mental Health at risk by continuing to rely on a 20-year-old system that can no longer be properly supported.

If you should have any questions, please contact me or your staff can contact Joseph Kelly, Chief Deputy, at (213) 974-2184.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

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c: Chief Executive Officer
Executive Officer, Board of Supervisors